

Internal Revenue Service

Department of the Treasury

District  
Director

P.O. Box 2508  
Cincinnati, OH 45201

Person to Contact:

Telephone Number:

Refer Reply to:

EF/EO

Date:

APR 7 1986

Dear Sir or Madam:

We have considered your application for recognition of exemption from Federal income tax under the provisions of section 501(c)(6) of the Internal Revenue Code of 1954 and its applicable Income Tax Regulations. Based on the available information, we have determined that you do not qualify for the reasons set forth on Enclosure I.

Consideration was given to whether you qualify for exemption under other subsections of section 501(c) of the Code and we have concluded that you do not.

As your organization has not established exemption from Federal income tax, it will be necessary for you to file an annual income tax return on Form 1120.

If you are in agreement with our proposed denial, please sign and return one copy of the enclosed Form 6018, Consent to Proposed Adverse Action.

You have the right to protest this proposed determination if you believe that it is incorrect. To protest, you should submit a written appeal giving the facts, law and other information to support your position as explained in the enclosed Publication 892 (Rev. 7-83), "Exempt Organizations Appeal Procedures for Unagreed Issues". The appeal must be submitted within 30 days from the date of this letter and must be signed by one of your principal officers. You may request a hearing with a member of the office of the Regional Director of Appeals when you file your appeal. If a hearing is requested, you will be contacted to arrange a date for it. The hearing may be held at the Regional Office or, if you request, at any mutually convenient District Office. If you are to be represented by someone

[REDACTED]

who is not one of your principal officers, he or she must file a proper power of attorney and otherwise qualify under our Conference and Practice Requirements as set forth in Section 601.502 of the Statement of Procedural Rules. See Treasury Department Circular No. 230.

If we do not hear from you within the time specified, this will become our final determination.

Sincerely yours,

[REDACTED]  
[REDACTED]  
District Director

Enclosures: 3

Enclosure 1

[REDACTED]

The information submitted discloses that you were incorporated as a not-for-profit corporation in the State of [REDACTED] on [REDACTED]. Your articles of incorporation state your purpose as follows:

To promote the development, establishment and expansion of the coin-operated amusement industry through the promotion, establishment and expansion of eight ball pool leagues; to promote higher business standards and better business methods throughout the coin-operated amusement industry; and to engage in such other activities permitted for corporations organized under the General Not Profit Corporation Act of the State of [REDACTED]; provided, however, that in no event shall the corporation engage in an activity ordinarily carried on for profit.

Your application for recognition of exemption states that you sanction players who participate in pool leagues conducted on coin operated pool tables owned by your members. You annually host a national eight ball tournament. Throughout the year, you provide information to your members concerning pool league format, rules and prizes. You also keep records of league and tournament play, make awards and publish a newsletter.

Your classes of membership are Players, Operators/Charterholders and Manufacturers. The Players consist of persons who join a franchised team of eight ball players for the purpose of engaging in competition as a member of a sanctioned eight ball league. Operators/Charterholders consist of coin and amusement machine operators who own tables upon which the competition between Players is played. Membership in this group is limited to operators who have been issued an official charter by [REDACTED].

[REDACTED]. Manufacturers are persons who are manufacturers or distributors of equipment used in the game of eight ball.

A Player pays annual dues of \$[REDACTED]; an Operator/Charterholder pays annual dues of \$[REDACTED] plus an initial application fee of \$[REDACTED] and a start up package fee of \$[REDACTED]; and a Manufacturer pays an annual fee of \$[REDACTED] to \$[REDACTED] depending upon the type of manufacturer. In addition, an initial application fee of \$[REDACTED] to \$[REDACTED] is required of Manufacturers.

Enclosure f (continued)

Section 501(c)(6) of the Code provides for the exemption from Federal income tax of business leagues, chambers of commerce, real-estate boards, boards of trade or professional football leagues (whether or not administering a pension fund for football players), not organized for profit and no part of the net earnings of which inures to the benefit of any private shareholder or individual.

Section 1.501(c)(6)-1 of the Regulations states that a business league is an association of persons having some common business interest, the purpose of which is to promote such common business interest and not to engage in a regular business of a kind ordinarily carried on for profit. It is an organization of the same general class as a chamber of commerce or board of trade. Thus, its activities should be directed to the improvement of business conditions of one or more lines of business as distinguished from the performance of particular services for individual persons.

Based on the information submitted, we propose to deny your application for recognition of exemption from federal income tax under section 501(c)(6) of the Code. Your activities constitute the performance of particular services for members. In addition, the dues structure in which Players and Operators/Charterholders pay minimal dues as compared to the dues for Manufacturers, results in inurement of net earnings to the Players and Operators/Charterholders.